Case Study: J. Lauritzen A/S

Established in 1884, Danish shipowner J. Lauritzen is an international shipping company that operates more than 150 vessels and has a base of over 350 suppliers. Collaborating with these had become a challenge in terms of time, but with IMPA ACT, the journey has been smoother than expected. For this case study, IMPA is joined by Henning Andersen (Head of Purchase) and Anel Medina (Purchase Manager) at J. Lauritzen, a co-founder of the IMPA ACT initiative.

Responsible Supply Chain Management (RSCM) and its importance in the maritime industry

There has been a lot of talk about supply chain sustainability in the maritime industry. Its objective is relatively easy to understand: creating, protecting and growing long-term social, economic and environmental value for all stakeholders. It is simple in essence: we perceive suppliers as an extension of our business and understand that close traceability and collaboration brings about not only social change, but also more loyalty between parties.

RSCM is so important in the maritime industry because today’s global economy runs on water with ships carrying over 90% of the world’s trade: millions of people are employed in this industry. We are talking about a massive sector where lots of things can go wrong without proper traceability put in place.

The world has shifted a bit from how it was 15 years ago, and there is increasing pressure on businesses to be good corporate citizens. And surely, you cannot address your company’s adverse impacts on human rights, environment and anti-corruption without looking further to your supply chain and seeing how the products you buy are sourced in the first place.
RSCM at J. Lauritzen before IMPACT

We have always been driven by CSR but in the past, we were focusing more on environment and health and safety, rather than the whole picture comprising human rights (including labour rights), environment and anti-corruption.

We were also facing increasing amounts of guidance and regulations that we had to incorporate into our practice, so our Codes of Conduct were changing quite often; this was undermining the collaborative atmosphere that we wished to share with our suppliers.

In turn, our suppliers were burdened with codes of conduct not just from ourselves, but their entire base of customers.

The benefit of uniformity then became clear and the launch of the UN Guiding Principles on Business and Human Rights in 2011 further demonstrated that a common supplier code of conduct – intended to become best practice within marine procurement – should be a next goal.
Building IMPA ACT

In 2011, senior management at J. Lauritzen became a signatory of the UN Global Compact and began implementing the UN Guiding Principles on Business and Human Rights. It was very sudden, and it was the first time when there was agreement at a political level on the right way for businesses to work with human rights, labour standards, environment and anti-corruption.

We were in touch with D/S NORDEN at the time and, together with IMPA, we began shaping IMPA ACT, the industry’s first initiative on responsible supply chain management. The aim was to bring about uniformity and understanding in this area. As part of the programme, we also created a common Supplier Code of Conduct - intended to become an industry standard. This Code was based on the UNGPs and the UN Global Compact’s ten principles. We did this for three main reasons:

1. To make purchasers’ jobs easier and not have to invest time, resources and manpower in obtaining consultancy from CSR advisors every time there was a small change in guidance. This way, someone else would do it for us and provide us with the updated Code, should there be an update.

2. To make suppliers’ jobs easier. With more companies joining IMPA ACT and adopting the Supplier Code of Conduct, suppliers would not have to spend as much time sifting through individual company-created codes, thus cutting down on time and, to our benefit, cost.

3. To create a theme of collaboration across purchasing and supplying; we are not enemies in this industry and loyalty goes a long way.

Rome wasn’t built in a day – the programme is well-set and the Supplier Code of Conduct is finalised and being implemented within the business practice of some major shipping actors. Many large shipping companies and major suppliers have signed up to IMPA ACT. But for the programme to achieve its objective, there needs to be more: more signatories, more engagement, more contributions.

The feedback has been great so far, but for IMPA ACT to become uniform guidance in the maritime industry, there needs to be more involvement.
How IMPA ACT worked for J. Lauritzen

When we decided to start, we started slowly; this was back in 2013. But we had to start somewhere, and we began by assessing our own actual and potential adverse impacts on human rights, labour standards, environment and anti-corruption. We wouldn’t have had it otherwise, as it wouldn’t be acceptable to start raising requirements from your suppliers before committing to those standards yourself.

Once internally committed, we moved on to raising the requirements from our suppliers and engaging a handful of them periodically. And we are getting there (to full compliance with the Supplier Code of Conduct) together. IMPA ACT has always been intended as a two-way street, with both purchasers and suppliers walking the same path. We collaborate, learn from each other and share best practice. And the feedback we had when we engaged with one of our suppliers on the programme was that they knew us better now, so IMPA ACT has really added value to our practice.

Once suppliers prove through an audit that they have implemented the necessary systems to address their adverse impacts on human rights, environment and anti-corruption standards, we finalise our engagement and they become IMPA ACT Preferred Suppliers, and they get onto the Sustainable Maritime Suppliers Database of the initiative. That says a lot about the supplier and gives them a stamp of quality that is worth having.
For more information on how IMPA ACT can help your business become more sustainable, please contact:

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